

MORNING TRADE UK



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SNEAK PEEK

— **Anne-Marie Trevelyan talks steel tariffs with Washington**, following weeks of negotiations to resolve the row. We mull the domestic politics.

— **Brexit has become a hot potato in Whitehall** that it seems no-one wants to hold.

— **Trade woes are compounding the looming cost of living crisis**, businesses warn government.

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DRIVING THE DAY

PEDAL TO THE METALS: The Conservatives could lose the “Red Wall” seats they swiped off Labour in 2019 unless they deliver for manufacturing sectors like steel, experts and opponents warned ahead of a crucial call on metals tariffs this afternoon.

There’s something about Raimondo: Anne-Marie Trevelyan is preparing to lock horns with U.S. Commerce Secretary Gina Raimondo in the long-running battle over the steel and aluminum tariffs Washington continues to impose on U.K. manufacturers. A catch-up call between the principals is overdue after three weeks of talks.

Remember: The U.S. did a deal with the EU on the worldwide row last October and even shook on an agreement with Japan this week.

Wall of anger: The problem for the government is that each week it fails to get a steel deal, the more frustrating life becomes for steel and aluminum manufacturers — the remaining few of which are often in the so-called Red Wall.

Industrial problem: “The Conservative victory at the last election was based, at least in part, on promises made to former Labour industrial heartlands,” Joe Twyman, director of polling firm Deltapoll told Morning Trade UK. “A failure to deliver anything distinctive on those promises could place the party in an uphill battle to hold onto those newly-won seats come the next election.”

In Broad terms: Those in the U.S. trade world argue President Joe Biden knows he’s putting an electoral squeeze on Boris Johnson with the issue. Former U.S. trade negotiator Harry Broadman said the breakthrough with Japan while U.K. talks “remain bogged down, would certainly seem to put further pressure on Johnson on how to more carefully navigate Biden’s concerns” over Northern Ireland — thought to be the real reason Washington is dragging its feet on steel, amid a dangerous row over Brexit in the U.K. nation.

The kicker: Broadman said that pressure would bite in particular because “the Conservatives need all the electoral support they can muster at this point.”

Indeed: Labour has also clocked that the steel tariffs row could boost its chances in metal-manufacturing seats when the next vote comes. “Our steel industry is at the back of the queue when it comes to Conservative post-Brexit trade deals,” said Nic Dakin, former Labour MP for the steel seat of Redcar, which the Tories snatched in 2019.

He added: “While Labour commits to steel being at the heart of a new industrial strategy the Conservatives do nothing to invest in steel communities.”

The government line: “The international trade secretary will be speaking to Secretary Raimondo on Thursday to maintain momentum behind constructive discussions over the last fortnight,” a government spokesperson said. “Until a deal is reached that works for the U.K. and is in the interests of our steel and aluminium industry, we will continue to apply rebalancing measures on U.S. products.”